

Casino Licensees

Proposed Readoption: N.J.A.C. 19:43

Authority: N.J.S.A. 5:12-63c, 69a, 70a, 70b, 70h, 70i, 70o, 80 through 88, 96, 98, 102 and 130.1 through 130.11.

Calendar Reference: See Summary below for explanation of exception to calendar requirement.

Submit written comments by June 1, 2007 to:

Claire Frank, Program Supervisor
Casino Control Commission
Tennessee and Boardwalk
Atlantic City, New Jersey 08401

The agency proposal follows:

Summary

N.J.A.C. 19:43, the Casino Control Commission (Commission) rules concerning casino licensees, are scheduled to expire on April 15, 2007 pursuant to N.J.S.A. 52:14B-5.1. By filing this notice of proposed readoption prior to April 15, 2007, the chapter expiration date has been extended for 180 days to October 15, 2007. See N.J.S.A. 52:14B-5.1c.

This notice of proposed readoption is not required to be referenced in a rulemaking calendar since a public comment period of 60 days is being provided. See N.J.A.C. 1:30-3.3(a)5.

Chapter 43 was originally promulgated by the Commission in 1992 to provide a comprehensive chapter of rules concerning the application for and issuance of a casino license and the licensing standards and regulatory obligations associated therewith. See 24 N.J.R. 3225(a) and 4563(a). The new chapter recodified existing rules concerning persons required to be licensed or qualified (subchapter 2); facilities (subchapter 6); advertising (subchapter 14); entertainment (subchapter 15); requirements for doing business with vendors (subchapter 10); and underage gaming (subchapter 16). New provisions were added in subchapter 4 to address the statutory obligation of a casino licensee

or applicant to establish and maintain its financial stability. N.J.S.A. 5:12-84a. Other new rules throughout the chapter codified “standard” license conditions, that is, those which have historically been imposed on all casino licensees.

In May 2002, N.J.A.C. 19:43-7.4 was amended to expand the routine reporting of inventories of slot machines beyond those located on the casino floor of a casino hotel facility to include those located off premises yet still within New Jersey. See 33 N.J.R. 3722(a), 34 N.J.R. 1734(b). In September 2002, N.J.A.C. 19:43-8.2 was amended to require any changes to the governing documents of casino licensees and their qualified holding companies, such as corporate charters, by-laws, partnership and operating agreements, to be provided to the Commission and Division of Gaming Enforcement (Division). See 34 N.J.R. 1371(a) and 3127(a).

In January 2003, N.J.A.C. 19:43-7.4 was further amended to allow casino licensees to use gaming vouchers and a computerized gaming voucher system in payment of slot machine jackpots to patrons. See 34 N.J.R. 2012(a), 35 N.J.R. 259(a). N.J.A.C. 19:43-8.3 was adopted as a new rule in March 2003 to allow Commission review of profit sharing agreements between a casino licensee and its employees in response to one of several amendments to the Casino Control Act (the Act) in 2002, which eliminated the requirement for pre-approval of the agreements by the Commission. N.J.S.A. 5:12-104a(3). See 34 N.J.R. 3942(a), 35 N.J.R. 1273(a).

In April 2003, N.J.A.C. 19:43-7.4 was amended to permit tokenization of slot machines, a process by which the machine may pay out a slot token of a larger denomination than that which it accepts itself. See 35 N.J.R. 88(a) and 1689(b). In August 2003, N.J.A.C. 19:43-5.4 and 11.3 were amended to permit waiver from qualification requirements of officers, directors, security holders or employees of privately owned holding companies in response to one of several amendments to the Act in 2002, which removed the limitation on granting

such waivers to qualifiers of publicly traded holding companies. See 35 N.J.R. 1497(a) and 3564(a).

Furthermore, in November 2005, N.J.A.C. 19:43-10.2 was amended to raise the twelve-month monetary threshold to \$150,000 for a nongaming-related business's transactions with a single casino licensee or applicant above which the business must become licensed as a casino service industry or be exempted from licensure. In turn, the comparable twelve-month monetary threshold for a nongaming-related business's transactions with two or more casino licensees or applicants was increased to \$500,000. See 37 N.J.R. 2855(a) and 4470(a).

The Commission has reviewed N.J.A.C. 19:43 and determined the rules to be necessary, reasonable and proper for the purposes for which they were originally promulgated. Such rules are essential to assure the public trust and confidence in the credibility and integrity of the regulatory process and of casino operations, in accordance with the goals of the Act, N.J.S.A. 5:12-1(b)(6). Since the chapter has been continually reviewed and updated since its readoption in 2002, it is proposed for readoption at this time without amendment.

Full text of the proposed readoption may be found in the New Jersey Administrative Code at N.J.A.C. 19:43.